

Message Text

CONFIDENTIAL

PAGE 01 STATE 135382

62

ORIGIN SCI-01

INFO OCT-01 IO-03 ADP-00 /005 R

66607

DRAFTED BY: SCI/AE:H.DANIEL BREWSTER

APPROVED BY: SCI/AE:H.DANIEL BREWSTER

----- 054933

R 111826Z JUL 73

FM SECSTATE WASHDC

TO USMISSION IAEA VIENNA

C O N F I D E N T I A L STATE 135382

E.O. 11652: GDS

TAGS: ETRD, ENRG, BTRA, CH

FOLLOWING SENT SECSTATE INFO HONG KONG FROM PEKING ON JUL 07,
RPTD TO YOU:

QUOTE

C O N F I D E N T I A L PEKING 0498

E.O. 11652: GDS

TAGS: ETRD, ENRG, BTRA, CH

SUBJ: GENERAL ELECTRIC TEAM DISCUSSES NUCLEAR PLANT IN
PEKING

REF: A) PEKING 0188 B) HONG KONG 6325

BEGIN SUMMARY. FOLLOWING WEEK OF TALKS WITH GENERAL ELECTRIC
SALES TEAM IN PEKING, CHINESE TECHNICAL IMPORT CORPORATION HAS
ASKED G.E. TO PREPARE PROPOSAL FOR SALE OF NUCLEAR POWER PLANT.
G.E. IS ALSO PREPARING PROPOSALS FOR CONVENTIONAL POWER
GENERATION FACILITY AND COMPLETE PLANT TO PRODUCE GAS TURBINES.
END SUMMARY.

1. FOLLOWING ONE WEEK OF DISCUSSIONS WITH A GENERAL
ELECTRIC (G.E.) SALES TEAM WHICH ARRIVED IN PEKING JUNE 29,
THE CHINA NATIONAL TECHNICAL IMPORT CORPORATION (TECHIMPORT)
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 135382

HAS ASKED G.E. TO PREPARE A PROPOSAL FOR THE SALE OF A 650,000

KILOWATT NUCLEAR POWER GENERATION FACILITY WITH VALUE IN THE VICINITY OF DOLS 200 MILLION. THIS IS IN ADDITION TO EARLIER REQUESTS BY TECHIMPORT FOR PROPOSALS ON A 650,000 KW CONVENTIONAL THERMAL POWER PLANT WITH A VALUE IN NEIGHBORHOOD OF DOLS 60 MILLION AND A PLANT TO PRODUCE GAS TURBINE GENERATORS COSTING AROUND DOLS 50 MILLION.

2. ACCORDING TO G.E. TEAM LEADER RICHARD KASK, A NUMBER OF HURDLES WOULD HAVE TO BE CLEARED BEFORE G.E. COULD PROCEED WITH THE NUCLEAR PROPOSITION. IN ORDER TO OBTAIN AN EXPORT LICENSE, KASK SAID, G.E. WOULD HAVE TO PERSUADE THE PRC TO ENTER INTO AN AGREEMENT WITH THE USG OR INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) UNDER WHICH THE PRC WOULD ACCEPT ON-SITE INTERNATIONAL INSPECTION OF REFUELING OPERATIONS, WHICH OCCUR EVERY EIGHTEEN MONTHS. SUCH AGREEMENTS ARE STANDARD PROCEDURE IN THIRTY COUNTRIES WHICH HAVE PURCHASED US-MADE NUCLEAR PLANTS, KASK SAID, BUT THE CHINESE HAVE NOT THUS FAR SHOWN A CLEAR APPRECIATION OF WHAT IS INVOLVED OR TAKEN G.E.'S EXPLANATION OF THE MATTER SERIOUSLY.

3. OTHER PROBLEMS WOULD BE LESS DIFFICULT TO OVERCOME, KASK SAID. THE CHINESE INDICATED G.E. SHOULD PROVIDE ENRICHED URANIUM FUEL, WHICH WOULD REQUIRE AN EXPORT LICENSE, AND HAVE EVEN WONDERED ALOUD IF IT WOULD BE APPROPRIATE TO ASK FOR A TWENTY-YEAR SUPPLY. THEY ALSO RAISED QUESTIONS OF INDEMNIFICATION IN CASE OF ACCIDENT IN WHICH G.E. MIGHT BE ASKED TO ASSUME GREATER THAN NORMAL RISK. THE LATTER WOULD REQUIRE FURTHER DISCUSSION BY LEGAL EXPERTS ON BOTH SIDES.

4. ACCORDING TO KASK, THE TECHNICAL LEVEL OF CHINESE PARTICIPATING IN THE TALKS WAS GOOD. FOUR OR FIVE HAD PARTICIPATED IN AN EXTENDED TOUR OF NUCLEAR FACILITIES IN JAPAN, CANADA, GERMANY, ITALY AND SWITZERLAND LAST FALL; ONE HAD BEEN LEADER OF THE DELEGATION. G.E. BELIEVES FROM THIS CHINESE MAY BE PURSUING NUCLEAR POWER POSSIBILITIES WITH OTHER POTENTIAL SUPPLIERS.

5. ACCORDING TO KASK, G.E.'S NUCLEAR PROPOSAL WILL BE READY IN ABOUT THREE MONTHS. MEANWHILE, A G.E. TEAM WILL RETURN TO PEKING IN LATE AUGUST OR EARLY SEPTEMBER TO PRESENT A
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 135382

FINISHED PROPOSAL ON THE CONVENTIONAL 650,000 KW POWER PLANT, AND ANOTHER PROPOSAL, ON THE GAS TURBINE MANUFACTURING FACILITY, WILL ALSO BE COMPLETED WITHIN THE NEXT TWO MONTHS. G.E. IS ALSO BEING PRESSED FOR PROPOSALS ON GAS TURBINE COMPRESSORS FOR USE

IN PIPELINE PUMPING STATIONS. TO PAY FOR ALL THIS, SHOULD THEY BUY, THE CHINESE HAVE INDICATED THEY DO NOW ACCEPT DEFERRED PAYMENT FINANCING. NONETHELESS, THEY HAVE ASKED FOR G.E.

PROPOSALS BASED ON ASSUMPTION THAT PAYMENT WILL BE IN CASH.

6. FOLLOWING SITE INFORMATION FOR NUCLEAR PLANT HAS BEEN PROVIDED BY TECHIMPORT. THE PLANT WOULD USE COASTAL SEA WATER OR RIVER WATER OF RELATIVELY HIGH TEMPERATURE (18-33 DEGREES CENTIGRADE) AND ANNUAL OUTSIDE TEMPERATURES WOULD BE 15-40 DEGREES CENTIGRADE. EARTHQUAKE POTENTIAL WOULD BE 6-7 DEGREES ON THE 12 RICHTER SCALE. PREVAILING WINDS WOULD BE SOUTHEAST.

7. G.E. TEAM DEPARTS FOR HOME JULY 7.

BRUCE

UNQUOTE ROGERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: willialc
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE135382
Document Source: CORE
Document Unique ID: 00
Drafter: SCI/AE:H.DANIEL BREWSTER
Enclosure: n/a
Executive Order: GS BREWSTER
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730740/aaaabdbg.tel
Line Count: 127
Locator: TEXT ON-LINE
Office: ORIGIN SCI
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 A) PEKING 0188 B) HONG KONG 6325
Review Action: RELEASED, APPROVED
Review Authority: willialc
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30-Jul-2001 by kelleyw0>; APPROVED <23-Aug-2001 by willialc>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GENERAL ELECTRIC TEAM DISCUSSES NUCLEAR PLANT IN PEKING
TAGS: ETRD, ENRG, BTRA, CH
To: IAEA VIENNA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005